

REFERENCE TITLE: **homeowners' associations; reserve fund**

State of Arizona
Senate
Forty-seventh Legislature
Second Regular Session
2006

SB 1437

Introduced by
Senator Hellon: Representative Burton Cahill

AN ACT

AMENDING SECTION 33-1810, ARIZONA REVISED STATUTES; RELATING TO PLANNED COMMUNITIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:
2 Section 1. Section 33-1810, Arizona Revised Statutes, is amended to
3 read:

4 33-1810. Board of directors; annual audit; reserve fund

5 A. Unless any provision in the planned community documents requires an
6 annual audit by a certified public accountant, the board of directors shall
7 provide for an annual financial audit, review or compilation of the
8 association. The audit, review or compilation shall be completed no later
9 than one hundred eighty days after the end of the association's fiscal year
10 and shall be made available upon request to the members within thirty days
11 after its completion.

12 B. FOR A PLANNED COMMUNITY WITH FIVE HUNDRED OR MORE UNITS, THE BOARD
13 OF DIRECTORS SHALL ESTABLISH AND MAINTAIN A RESERVE FUND TO PROVIDE FOR THE
14 REPAIR, REPLACEMENT AND RESTORATION OF THE MAJOR COMPONENTS OF THE COMMON
15 AREAS OF THE COMMUNITY AND OTHER AMENITIES. A RESERVE STUDY SHALL BE
16 CONDUCTED AT LEAST EVERY FIVE YEARS. THE RESERVE FUND MAY BE USED ONLY FOR
17 THOSE PURPOSES AND SHALL NOT BE USED FOR DAILY MAINTENANCE. THE BOARD OF
18 DIRECTORS SHALL DETERMINE THE AMOUNT OF THE RESERVE FUND AFTER RECEIPT AND
19 REVIEW OF A RESERVE STUDY THAT IS CONDUCTED BY AN INDEPENDENT CONTRACTOR
20 RETAINED BY THE BOARD OF DIRECTORS.